

Audit Committee



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| Date | Thursday, 24 June 2010 |
| Venue | Town Hall, St. Annes |
| Committee members | Councillor Linda Nulty (Chairman) Councillor Keith Hyde(Vice- Chairman) Councillors Ben Aitken, Christine Akeroyd, Elizabeth Oades, Louis Rigby, Paul Rigby |
| Other Councillors | None |
| Officers | Tracy Scholes, Paul Walker, Ian Curtis, Savile Sykes, Andrew Wilsdon, Lyndsey Lacey |
| Other Attendees | None |

Vice- Chairman

Councillor Keith Hyde was appointed Vice-Chairman for the purposes of the meeting.

1. Declarations of interest

Members were reminded that any personal/prejudicial interests should be declared as required by the Council's Code of Conduct adopted in accordance with the Local Government Act 2000.

2. Confirmation of minutes

RESOLVED: To approve the minutes of the Audit Committee meeting held on 30 March 2010 as a correct record for signature by the Chairman.

3. Substitute members

There were no substitutions.

4. Code of Corporate Governance

Ian Curtis (Head of Governance) reported that the Council's Code of Corporate Governance needed to be amended to take account of changes to the Council's key objectives, changes in officer designations and to ensure that it was in line with its scheduled review.

The report made reference to various requirements set out in a publication produced by CIPFA and SOLACE entitled "Good Governance in Local Government: A Framework.

Mr Curtis indicated that the council adopted its local Code of Corporate Governance in 2008 to describe the arrangements that had been or were being established within the Council to comply with the requirements of the framework. He added that to comply with the requirements an annual review of the Code was required.

Essentially, a small number of minor changes to the local code were proposed. The suggested changes related to:

- Recently adopted revised key objectives to replace the ones set out in the present code.
- The recent management restructure resulting in changes to the designation of two officers with key roles in governance, which needed to be reflected in the code.
- Replacement of references to Comprehensive Performance Assessment by Corporate Assessment.

A copy of the Code of incorporating the amendments was circulated with the agenda.

It was RESOLVED to amend the Code of Corporate Governance by adopting the revised version attached to the report.

(The Chairman indicated that she was satisfied that the matter was not controversial and dealt with the matter by a show of hands rather than by taking a recorded vote on it).

5. Constitution and Petition Scheme

In accordance with Article 14 of the Council's constitution, Ian Curtis (Head of Governance) presented a report detailing proposed changes to be incorporated in the Constitution prior to the re- adopted version being submitted to Council on 26 July.

The committee was also invited to recommend the adoption of a scheme for dealing with petitions, as required by the Local Democracy, Economic Development and Construction Act 2009. Mr Curtis stated that the scheme would also be incorporated in the constitution.

Mr Curtis explained that the proposed changes this year mainly related to the new petition duty, which was described in the report. The only other changes were a very small number of typographical matters and the updating of references to "Head of Internal Audit" to read "Chief Internal Auditor".

The proposed revised version of the Constitution (showing the changes) was made available via the Council's website.

With regard to the proposed Petition Scheme, members of the committee were invited to consider the Government's model scheme and adapt accordingly to make it suitably localised. Mr Curtis included a commentary within the text of the model scheme where the council could chose to make a different provision than the model.

Mr Curtis further reported on specific provisions within the legislation for electronic or on-line petitions. He added that those provisions were likely to come in to force in December and that this would be the subject of a further report.

Various members of the committee sought clarification on a range of issues contained within the proposed petition scheme. These were addressed in full by Mr Curtis.

Following detailed consideration by the Committee it was RESOLVED:

1. To ask the Council to re-adopt the constitution as appended to the report, incorporating the changes highlighted in the report, and including a petition scheme as part E of appendix 5.

2. To make the following localised changes to the Petition Scheme:

- *That there be no threshold level for accepting petitions.*

- *That only the signatures of people who live, work or study in the council's area count towards the threshold.*
- *That delegated powers to decide whether a petition is vexatious, abusive or otherwise inappropriate be given to the Director of Governance and Partnerships.*
- *To devise a protocol to be included within the scheme, whereby the decision on how the council will respond to petitions is delegated to the Director of Governance and Partnerships in consultation with the leader of the council, the leader of the main opposition group and at least one chairman of a scrutiny committee before making her decision.*
- *The trigger limit for a mandatory full council debate to be 5% of the borough population for a matter of a borough wide concern and 5% of the relevant parish population for a matter of specific local concern with due provision made for remaining unparished areas.*
- *The threshold for requiring an officer to give evidence at an overview and scrutiny committee to be 5% of the borough wide population where the request relates to a matter of the borough wide concern and 5% of the relevant parish population.*
- *The relevant Portfolio Holder normally be required to attend meetings with an officer.*
- *To apply the provisions relating to officer evidence to the Chief Executive, the four directors, Chief Financial Officer (section 151 officer) and the Monitoring Officer.*

3. To present an updated report on the E-Petitions scheme to the December meeting of the Committee.

(The Chairman indicated that she was satisfied that the matter was not controversial and dealt with the matter by a show of hands rather than by taking a recorded vote on it.)

6. Risk Management Annual Report

Andrew Wilsdon (Insurance and Risk Management Officer) introduced a report which summarised the year end report on the 2009/2010 Risk Register Action Plans, the work undertaken by the Council's Insurance and Risk Management Officer in producing the Strategic Risk Register for 2009/2010 and the annual review of the Risk Management Strategy.

Paul Walker (Director of Strategic Development) also addressed the committee on matters associated with risk actions from the 2009/10 Risk Register relating to LDF and Regeneration Framework. In doing so, he made reference to recent government advice relating to the abolishment of Regional Spatial Strategies and proposed changes to the LDF obligations. He added that the LDF meeting in July would consider these issues. Mr Walker also made reference to the implications of the new Community Infrastructure Levy regulations in relation to the regeneration framework.

Councillor Oades commented on matters associated with the delivery of affordable housing within the Kirkham area and the failure to seek appropriate community benefits from some developers. Mr Walker responded to this point.

Following discussion the Committee RESOLVED:

1. To note the year end report of the progress made on the 2009-2010 Risk Action plans.

2. To approve the Strategic Risk Register for 2009-2010.
3. To approve the Risk Management Strategy
4. To present an updated report on the risk actions associated with the LDF and Regeneration Framework to the September meeting of the Committee.

(The Chairman indicated that she was satisfied that the matter was not controversial and dealt with the matter by a show of hands rather than by taking a recorded vote on it).

7. Annual Governance Statement

Tracy Scholes (Director of Governance and Partnerships) introduced a report on the Annual Governance Statement prepared under the CIPFA/SOLACE framework (the local code of corporate governance) for approval.

Members were advised that the statement explained how Fylde Borough Council had complied with the code and showed how the effectiveness of governance arrangements had been monitored during the year.

Mrs Scholes explained that the council's code adopted six core principles from the CIPFA/SOLACE guidance which underpin the council's system of governance. She added that under each core principle, the code identified a series of sub-principles, which in total provided a 63-point checklist. The Corporate Governance Group, comprising the Chief Executive, the Director of Governance and Partnerships, the Section 151 officer, the Head of Internal Audit and the Head of Governance, or the nominee of each such officer, had conducted a detailed self-assessment of the council's governance against this checklist.

A copy of the Annual Governance Statement was attached to the report for members' consideration.

In terms of significant governance issues, members were advised that building on 2009/10 improvements, the Council had identified the following areas where it wished to see improvements in 2010/11:

- An effective corporate framework for project management to be adopted and utilised in future for all major schemes and developments to secure the successful achievement of specified goals and objectives.
- Within a context of rising financial pressures, services to be prioritised strategically against reducing budgets available.
- The development of corporate purchasing arrangements tool be finalised with the roll out of the Civica purchasing module on an authority-wide basis
- Data Protection training and guidance to be provided for staff to refresh and embed knowledge concerning the individual's right to privacy with respect to the handling and processing of personal data.
- Information governance arrangements to be reviewed and enhanced to ensure they support the Council's regulatory, legal, risk and operational requirements.
- Procurement arrangements to be further enhanced to achieve best value and effective use of resources.

Mrs Scholes stated that the Corporate Governance Group would draw up an action plan for future approval by the committee to meet the issues identified in the governance statement.

Councillor Nulty enquired about the timescale the Council was working to implement the framework for project management. Mrs Scholes reported that work on this action was already in hand with officers (Jamie Dixon and Darius Ward) in that they were currently formulating proposals with respect to the development of a revised project management framework

Following detailed consideration it was RESOLVED to approve the Annual Governance Statement for signature by the Chairman.

(The Chairman indicated that she was satisfied that the matter was not controversial and dealt with the matter by a show of hands rather than by taking a recorded vote on it).

8. Corporate Governance Improvement Plan

In accordance with the request of the Committee at its last meeting, Tracy Scholes (Director of Governance and Partnerships) presented an updated report on the progress made in fulfilling the Corporate Governance Action Plan.

Councillor Nulty asked for an update on arrangements to implement the CIVICA purchase ordering system. Mrs Scholes explained that this had successfully been piloted in the IT and finance teams and was now being rolled out across the council. This issue also featured as an item requiring resolution in the 2010/11 Corporate Governance Statement.

RESOLVED: To note the latest position on actions included within the 2009/10 Corporate Governance Improvement Action Plan 2009/10

(The Chairman indicated that she was satisfied that the matter was not controversial and dealt with the matter by a show of hands rather than by taking a recorded vote on it).

9. Internal Audit Annual Report 2009 -10

Savile Sykes (Chief Internal Auditor) presented a comprehensive report which summarised the work undertaken by internal audit from April 2009 to March 2010 and performance information for the same period. It also included an opinion on the soundness of the Council's internal control environment in support of the Annual Governance Statement.

In brief, the report set out the context of audit activity, details of reports issued, assurance on internal control, follow-up work, special investigations and counter fraud work, speed of responses, stakeholder feedback, projects, consultancy and advice together with the internal audit assurance statement.

Mr Sykes stated that it had been rather an exceptional year for performance and was pleased to report that based on the work undertaken, for the 12 months ended 31 March 2010, the Council had adequate and effective risk management, governance and internal control processes to manage the achievement of the authority's objectives. Members were advised that the overall implementation rate for all reports followed up in 2009/10 was 92% compared to last year's 79%. Mr Sykes stated that this figure exceeded the previous best rate of 83% achieved in 2007/08.

Councillor Nulty enquired why the main accounting and treasury management categories had not achieved 100% implementation.

Mr Sykes responded by stating that the items had been carried forward with revised implementation dates and were not business critical. He added that the outcomes from both these reviews had resulted in substantial assurance indicating that robust financial

systems and processes were in place. In terms of the treasury management issue, this essentially related to where investments, although considered entirely secure, were made outside the treasury management policy. In terms of the main accounting issues, these related to journal transfers, written procedures and managerial checks.

Mr Sykes reported that the finance team had indicated they would endeavour to deliver on these medium risk areas during 2010/11.

Finally Mr Sykes referred to the feedback received from managers, which resulted in a 92% satisfaction rating, and the audit team's performance indicators established by the Audit Committee, which with the exception of one had all been achieved or exceeded.

Following discussion the Committee RESOLVED:

1. To approve the annual report of the Head of Internal Audit.
2. To convey the committee's thanks and appreciation to the audit team for the excellent work undertaken during the year.

(The Chairman indicated that she was satisfied that the matter was not controversial and dealt with the matter by a show of hands rather than by taking a recorded vote on it.)

10. Effectiveness of the Audit Committee

Savile Sykes (Chief Internal Auditor) presented the findings of a self assessment exercise undertaken by the Chairman and Vice-Chairman of the Committee in relation to the effectiveness of the Audit Committee. The self assessment compared existing arrangements with those advocated by the Chartered Institute of Public Finance and Accountancy (CIPFA) in their published advice.

A copy of the Self Assessment checklist was circulated with the agenda. Mr Sykes indicated that essentially the areas for improvement centred on member training and made a number of recommendations for improvement as contained in the report.

Following discussion the Committee RESOLVED:

1. To agree with the findings of the Self Assessment of the effectiveness of the Audit Committee against the checklist provided by the CIPFA better governance forum in their publication 'A Toolkit for Local Authority Audit Committees' undertaken by the Chairman and Vice Chairman of the Committee.
2. To adopt the Training Programme set out in the report as a basis for enhancing the skills and experience of Audit Committee members.

(The Chairman indicated that she was satisfied that the matter was not controversial and dealt with the matter by a show of hands rather than by taking a recorded vote on it)

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